

UNITED STATES GOVERNMENT

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Memorandum

TO : Chas. A. Keller, Director
Division of Production, OR
FROM : *George Udell*
George Udell, Director
Contracts and Supply Division, ALO

DATE: JUL 2 / 1962

SUBJECT: STATUS OF CONTRACTS AT(11-1)-462 AND AT(11-1)-465

AS:GU

The following information is furnished in accordance with verbal agreement during our recent meeting on the subject of beryllium.

In connection with the Brush Beryllium Company contract, No. AT(11-1)-462, as of July 1, 1962 Brush had delivered approximately 209,000 pounds, or 15,000 pounds in excess of the total requirements of the contract. This contract expires November 30, 1962 and therefore unless some large sales of scrap are made to Brush, this contractor appears to be in good condition.

In connection with the Beryllium Corporation contract, No. AT(11-1)-465, the latest report which we have on this company is for the month of May 1962. As of June 1, 1962, this contractor had delivered 176,042 pounds of beryllium against a total requirement of 187,500 pounds. This contract runs until June 1, 1963. The contractor is presently challenging that under their interpretation of the contract they are permitted to deliver during the month of June approximately 16,000 pounds of ingot in accordance with contract language. This office is refuting this position and claims no ingot must be accepted by the Commission at this time.

The danger in this contract is that the contract has one year to run. If during this period the contractor should deliver 37,500 pounds but buys back scrap more than this amount, the Commission would be in the position of having to accept ingot at the going price up to the 187,500 pounds total requirement of the contract.

We believe that we can uphold our position that approximately 176,000 pounds of material has been delivered, and we further expect that Berylco will deliver a minimum of 3,000 pounds per month to all Government users. We therefore believe that the Commission is not in a serious situation with this company but that we should be cautious in our sales arrangements with them.

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